

**LODI CITY COUNCIL  
REGULAR CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
WEDNESDAY, AUGUST 21, 2002**

**C-1     CALL TO ORDER / ROLL CALL**

The City Council Closed Session meeting of August 21, 2002 was called to order by Mayor Pennino at 6:22 p.m.

Present: Council Members – Hitchcock, Howard, Land, Nakanishi (arrived at 6:27 p.m.), and Mayor Pennino

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**C-2     ANNOUNCEMENT OF CLOSED SESSION**

- a)       Prospective acquisition of real property located at 2145, 2043, 2241, 2115, 2111, 1723, 1811, and 1833 West Kettleman Lane, Lodi (APN 027-040-17, 75, 79, 84, 85 and 031-040-09, 16, and 20); the negotiating parties are City of Lodi and Lodi First Church of the Nazarene, Church of God (Seventh Day) of Lodi, California, Inc., San Joaquin County Office of Education, Brittany LLC, John & Kerry Giannoni, Oko and George Nakamura Trust, John and Alta Bezug, and Tsutomu Tsutaoka; Government Code §54956.8 (CA)

**C-3     ADJOURN TO CLOSED SESSION**

At 6:22 p.m., Mayor Pennino adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 6:53 p.m.

**C-4     RETURN TO OPEN SESSION / DISCLOSURE OF ACTION**

At 7:02 p.m., Mayor Pennino reconvened the City Council meeting, and City Attorney Hays disclosed the following actions.

In regard to Item C-2 (a), staff was given direction on how to proceed with regard to the acquisitions of property.

**A.     CALL TO ORDER / ROLL CALL**

The Regular City Council meeting of August 21, 2002 was called to order by Mayor Pennino at 7:02 p.m.

Present: Council Members – Hitchcock, Howard, Land, Nakanishi, and Mayor Pennino

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**B.     INVOCATION**

The invocation was given by Pastor Jim Harvey, Lodi Community Church.

**C.     PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mayor Pennino.

**D.     AWARDS / PROCLAMATIONS / PRESENTATIONS**

D-1     Awards – None

D-2     Proclamations – None

D-3 (a) Mayor Pennino presented a Certificate of Recognition to Melinda Sparks with General Mills as one of Lodi's major employers, which has also been a community leader in making charitable donations and grant awards to various organizations and events in greater San Joaquin County.

D-3 (b) The Council presented a Certificate of Appreciation to Cherokee Memorial Park and Funeral Home for bringing the Vietnam Memorial Moving Wall to Lodi. Marc Gabrys and Dan Stanley, event coordinators, accepted the proclamation on behalf of Cherokee Memorial Park and President, Chuck Irwin. The Moving Wall was on display and available for public view in Lodi from July 27 to August 2.

Council Member Nakanishi also thanked the Lodi News-Sentinel, Stockton Record, and the Penny Saver for their donations of advertising space for the event.

Dan Stanley stated that proceeds from the sale of items at the Vietnam Memorial event will go toward non-profit groups. He presented a check in the amount of \$2,500 for the Lodi All Veterans Memorial Plaza.

D-3 (c) Katie Wagenman, member of the Greater Lodi Area Youth Commission, acknowledged the Teen of the Month, Michael Hopps from Lodi High School, and provided an update to Council regarding the accomplishments of the Commission and its upcoming events.

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E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Land, Nakanishi second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

- E-1 Claims were approved in the amount of \$5,744,759.33.
- E-2 The minutes of July 17, 2002 (Regular Meeting) and July 30, 2002 (Shirtsleeve Session) were approved as written.
- E-3 "Adopt resolution approving plans and specifications and authorize advertisement for bids for installation of streetlights on Phase III of the Streetlight Completion Project (\$875,000); and appropriate funds for the project" was **removed from the Consent Calendar and discussed and acted upon under the Regular Calendar**.
- E-4 Adopted Resolution No. 2002-175 authorizing the sole source purchase of 45 new tables from Mity-Lite, Inc., of Orem, Utah, in the amount of \$10,000 for use in Kirst Hall at Hutchins Street Square.
- E-5 Accepted the improvements under the "Outdoor Skate Park Facility, 1145 South Ham Lane" contract.
- E-6 Adopted Resolution No. 2002-176 approving the Memorandum of Understanding between the City of Lodi and San Joaquin Council of Governments regarding future transit planning and programming, and authorizing the City Manager to execute the agreement.
- E-7 "Adopt resolution approving the naming of Kofu Park baseball diamond for Masato Yamashita" was **removed from the Consent Calendar and discussed and acted upon under the Regular Calendar**.
- E-8 Set public hearing for September 18, 2002 to consider the Technical Equipment Purchase Proposal for Local Law Enforcement Block Grant Program.
- E-9 Authorized the City to join amicus brief in the case of Richmond v. Shasta Community Services District, California Supreme Court No. S107689.
- E-10 Authorized the City to join amicus brief in the case of Eastburn v. Regional Fire Protection Authority, California Supreme Court No. S107792.
- E-11 Authorized the City to join amicus brief in the case of Chavez v. Martinez, U.S. Supreme Court No. 01-1444.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

- Arthur Price stated that he received a document from Public Works Director Prima regarding water and wastewater delivery. He recalled that Stan Harkness often reminded Council that aging sewer pipes should be a top priority. Mr. Price acknowledged, in hindsight, the accurateness of Mr. Harkness' plea. He stated that rates for a one-bedroom apartment have increased \$8.57 and a two-bedroom home has increased \$11.69. For those on a fixed income, these increases are difficult to bear. He recommended a roll back of the rate increases on one-bedroom apartments and two-bedroom homes. He asked that the City take a proactive approach by sending out a reply card in utility bills so that older people, who perhaps otherwise would be too embarrassed, could respond by mail without a lot of paperwork. Mr. Price also stated that he received communication from Community Development Director Bartlam regarding the Redevelopment Agency. He believed that in regard to this issue, "perception and reality get very blurred." The City is coming across as not caring much about the east side. Residents of the east side see themselves being driven out of their homes by rate increases and possibly by the Redevelopment Agency.

Council Member Land displayed an overhead of a bill comparison from August 2001 to August 2002 (filed). He stated that rates for electricity have gone down and noted that 750 kilowatt hours in 2001 totaled \$109.36, while 925 kilowatt hours in 2002 totaled \$125.99. He reviewed charges for water and wastewater infrastructure replacement, noting that Lodi's rates are favorable. He described programs available for low-income customers and encouraged all those qualified to take advantage of them.

Council Member Nakanishi agreed with Mr. Land and stated that the City has tried to care for low-income citizens. He reported that Electric Utility Director Vallow stated two days ago that Lodi has used more electricity in the past two months than ever before in its history.

- Jane Lea thanked Council Member Nakanishi for his support and foresight in recognizing that the Redevelopment Agency is not right for Lodi. She also thanked former City Council Members and Mayors for their signatures on the referendum petition and support in recognizing that the newly-formed Redevelopment Agency is not what Lodi needs. She thanked the volunteers who committed countless hours in obtaining signatures in an effort to give the citizens, not staff, a choice through voting on the issue of whether to enlarge the City's government. She declared that the citizens who signed the petition want their voice heard through voting, on decisions that would adversely affect the community for decades. Ms. Lea announced that the San Joaquin County Registrar of Voters certified 3,594 signatures out of over 4,400 collected.
- Eileen St. Yves commented that she had informed all the residents of her apartments about the City's low-income programs, and in addition they have been given a discount for their recycling efforts. She pointed out that in Stockton water is metered and customers pay for every drop. She believed it would have been better if rates were increased 3% a year for ten years, rather than 30% in one year.
- Camille Green disagreed with Mr. Land's bill comparison figures and reported that her friend used 19 kilowatts per day last year at \$62 and 18 kilowatts this year at \$106. She stated that one person who signed the referendum petition against the redevelopment plan received a phone call from an owner of a restaurant in town who informed them they were banned from his property. In addition the caller stated that he had been talking to Council for ten years about the Redevelopment Plan and the Redevelopment Agency had been considering it for that length of time. Ms. Green asked why the citizens were not informed earlier about this issue and whether secret meetings were being held. She cited this as a reason for citizen's mistrust of Council.

Mayor Pennino reported that the signatures on the petition are confidential. He clarified that formal discussions about the Redevelopment Plan did not take place until 1997-98. Over 11 public hearings on the subject were held and every property owner in the redevelopment area received at least one mailed notification. In addition, residents of the redevelopment area were allowed to vote on the Project Area Committee.

Ms. Green stated that she received only one letter in June 2002 regarding the redevelopment plan.

Council Member Howard suggested that there may be a misunderstanding about discussions and meetings taking place regarding the redevelopment plan and the former Cherokee Lane redevelopment, which was a separate issue. She stated that the public was informed and there were no secret meetings held.

- Eunice Frederick stated that Bob Johnson's recent column in the Lodi News-Sentinel stated that residents in the redevelopment area received two mailed letters and many additional notices were made available. Ms. Frederick reported that she received only one mailed notice about the public hearing, which she attended. Addressing City Manager Flynn, Ms. Frederick stated that she was misquoted in the newspaper as saying at a picnic that "it was their Christian duty to sign the petition," while her actual statement was, "I believe it is every Christian's duty to register and vote."

Mayor Pro Tempore Hitchcock expressed her sorrow in hearing so much bad press and people unhappy about the redevelopment plan. She noted that she has not been able to vote on the issue because her husband owns property in the project area; however, she supports the redevelopment plan wholeheartedly. She stated that for the past 20 years while on the Planning Commission and now on the Council, she has supported redevelopment agencies. She believed the redevelopment plan would be an outstanding tool to improve the east side of Lodi and would increase property values, and provide opportunities and improved housing conditions. She reported that 85% to 90% of the cities in California have redevelopment agencies. She hoped that when this came to a vote that people would educate themselves on the issue. The Council and staff are doing what they feel is best for the east side. She stated that she was personally devastated and disappointed that the redevelopment plan has been perceived as a hidden agenda or conspiracy.

**G. PUBLIC HEARINGS**

- G-1 "Public Hearing to consider the appeal from Neumiller & Beardslee, on behalf of Legends Unlimited, regarding the Planning Commission's decision to revoke Use Permit No. 99-02 for Legends Unlimited" was ***continued to the City Council meeting of October 16, 2002.***

**H. COMMUNICATIONS**

- H-1 Claims filed against the City of Lodi – None
- H-2 The following report was presented to the City Council:
- a) Planning Commission report of July 10, 2002
  - b) Planning Commission report of July 24, 2002
- H-3 The following postings/appointments were made:
- a) The City Council, on motion of Council Member Land, Howard second, unanimously directed the City Clerk to post for the following vacancy:  
East Side Improvement Committee  
Felix Magaña Term to expire March 1, 2005
- H-4 Miscellaneous – None

**I. REGULAR CALENDAR**

- E-7 "Adopt resolution approving the naming of Kofu Park baseball diamond for Masato Yamashita"

Mayor Pro Tempore Hitchcock explained that she pulled this item from the consent calendar to recognize Mr. Yamashita. She noted that while Mr. Yamashita served as coach for the baseball club that represents the Japanese American Citizens League, he funded all the team's expenses.

Parks and Recreation Director Baltz reported that this matter had been considered by the Parks and Recreation Commission. A variety of citizens and groups in the community were supportive of naming the Kofu Park baseball diamond for Masato Yamashita. A dedication event will be held in the future.

Council Member Land noted that Council received a "blue sheet" communication from the Lodi Sister City Committee who endorsed this proposal.

MOTION/ VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Land second, unanimously adopted Resolution No. 2002-177 approving the naming of the Kofu Park baseball diamond the "Masato 'Mauch' Yamashita Field."

- I-1 "Adopt Resolution of Authority and Resolution of Public Interest and Necessity, thereby formally authorizing the acquisition of property through the eminent domain process (Killelea Substation Expansion, 541 East Locust Street, Perlegos)"

City Attorney Hays read the staff report for Item I-1 (filed). He stated that the single-family residence is 880 square feet on a lot 50' by 170'. The Killelea Substation was built in the 1960s and last added to in 1968. The substation serves areas west of Cherokee Lane. The most recent substation the City built was the Fred Reid Industrial on east Lodi Avenue, which was built in 1991. When the Fred Reid Substation was built it was envisioned that it would take up some of the load that the Killelea Substation handles; however, the east side industrial growth was greater than expected so it was not possible. For this reason, rebuilding the Killelea Substation has become necessary. Alternatives would be to relocate the substation or expand it at the current location. Relocation would require acquiring a new site and additional or new distribution routes. This would disrupt a greater number of properties. The result of expanding at the current location would be the acquisition of one single-family home. New equipment and safety enhancements would be provided with the expansion.

Council Member Nakanishi stated that since relocation would require more eminent domain, staff's recommendation on this matter is a better choice.

Hans Hansen, Engineering and Operations Manager, pointed out on an over map where the transmission lines would be.

Council Member Land asked if Council decided to proceed with eminent domain, whether the process could be stopped.

Mr. Hays replied in the affirmative and explained that filing eminent domain action does not prevent staff from continuing to negotiate with the property owners.

MOTION/ VOTE:

The City Council, on motion of Council Member Land, Howard second, unanimously adopted Resolution No. 2002-178 entitled, "A Resolution Of The City Council Of The City Of Lodi Finding That Public Interest And Necessity Require The Acquisition For Electric Substation Expansion Purposes Property Owned By Pete And Helen Perlegos, Commonly Referred To As Assessor's Parcel Number 043-202-14 (541 E. Locust Street)."

- I-2 "Adopt resolution establishing and adjusting Parks and Recreation facility fees and charges"

Parks and Recreation Director Baltz noted that the fees being presented to Council under this item do not include all of the fees charged by the Parks and Recreation Department. Primarily these fees relate to parks that are rented out for picnic areas. The fees have not been changed since April 1999. He noted that several requests have been made recently to rent whole park facilities.

Council Member Howard noted that the staff report estimates \$4,000 to \$5,000 in additional revenue and asked whether this is due mainly to new fees being established, to which Mr. Baltz replied in the affirmative.

In reply to questions by Mayor Pro Tempore Hitchcock, Susan Bjork, Management Analyst Trainee, reported that the Lodi Lake entrance fee per child is \$1 and allows use of either the beach or wading pool. The wading pool rental fee is for private use before or after hours. Mr. Baltz explained that the fees were not originally calculated for 100% cost recovery and most have simply been increased by \$10. Other fees, such as baseball field rentals, are calculated based on maintenance costs.

In response to Council Member Land, Mr. Baltz reported that the one opposing vote on the Parks and Recreation Commission regarding this issue was because the Commissioner wanted to see language that tied future rates to an automatic measure for increases.

Council Member Howard recalled that she suggested the Parks and Recreation Commission consider achieving a higher goal of recovery. It was due to this suggestion that the Commissioner who voted against approval of these fees had preferred to have two numbers side by side, e.g. a fee for 30% cost recovery and a fee for 40% cost recovery.

Mayor Pennino clarified that it is the City's policy that a minimum of 30% of the total cost of the Recreation and Community Center's programs should be recovered through fees and charges. He pointed out that the City subsidizes 70% of these programs and noted that a large number of non-residents from distances of up to an hour's drive away use Lodi's facilities.

In reply to Mayor Pro Tempore Hitchcock, Mr. Baltz stated that the rules and regulations for rentals state that no amplification is allowed in the City's parks; however, the Parks and Recreation Department has flexibility for City-sponsored events and events done under a permit that allows amplified sound.

Mayor Pro Tempore Hitchcock believed that staff should be very careful about extending amplified sound permits, as the practice often disturbs surrounding residents. She was not in favor of allowing the rental of whole parks, noting that it prevents public access, for which the parks were built.

Council Member Howard felt that consideration should be made regarding raising fees to recover more than 30% of costs and suggested that perhaps 40% to 45% would be more appropriate. She noted that proposed projects will require more staff, maintenance, and equipment.

Council Member Nakanishi agreed with Ms. Howard's statements.

City Manager Flynn stated that the goal is to recover 30% of the overall program. There are individual activities, typically for adults, that the City charges as much as 100%. For some activities, usually geared for children, there is no charge.

Council Member Land stated that increasing fees does not necessarily result in an increase in revenues.

**MOTION / VOTE:**

The City Council, on motion of Council Member Land, Hitchcock second, adopted Resolution No. 2002-179 establishing and adjusting Parks and Recreation facility fees and charges, with the exception of "whole area" facility rentals, and directed staff to develop a policy related to "whole area" facility rentals for Council consideration. The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Land, Nakanishi, and Mayor Pennino

Noes: Council Members – Howard

Absent: Council Members – None

I-3 "Adopt resolution supporting proposed amendments to Senate Bill 1717 (Machado)"

Mayor Pennino stated that this item was brought back at his request. An amended staff report and a memorandum from the League of California Cities has been distributed to Council (both filed).

Deputy City Manager Keeter reported that Senate Bill 1717 was originally submitted by Senator Machado on February 21, 2002 and since that time it has gone through many iterations. If passed by the Assembly, it will proceed to the full Senate floor next Monday. The bill has been amended to reflect what staff feels are five key areas (as identified in the staff report), and staff now recommends the adoption of a resolution supporting the proposed amendments.

Mayor Pro Tempore Hitchcock asked staff if they were comfortable that the legislation as it is now written will not limit Lodi or any other city from pursuing some use of its own property that might be of public need or a joint partnership need.

Ms. Keeter replied in the affirmative.

Council Member Howard questioned whether it is clear in the writing that any profit that might be achieved from a snack bar, pro shop, etc., would go directly to the owner, and tax revenue to the City of Lodi.

City Attorney Hays explained that the property is considered inside the City and if it generates sales tax, it becomes the City's revenue. Nothing in the legislation changes this circumstance and there are no requirements that the City negotiate with the County on anything.

PUBLIC COMMENTS:

- Mike Hakeem expressed appreciation on behalf of ProStyle Sports to the City Council for its prior resolution in opposition to SB 1717, as well as to Council Members that appeared at each of the two hearings, the City Manager, Deputy City Manager, and Community Development Director. He stated that the amended legislation puts ProStyle Sports back in a position where the project can proceed and the City is free to continue with its annexed area in a fashion more consistent with what was expected when the property was brought into the City. He stated that the ProStyle Sports project description is being revised, a draft Environmental Impact Report will be circulated, and the project will be brought back to Council later this year.

Council Member Howard asked Mr. Hakeem if he had any concerns about stipulations on what can be built on the property, and therefore the City is still being told by another entity what it can and cannot do.

Mr. Hakeem replied that with the amendments the City is now in a position where it still has the opportunities that it had before. There are some clear restraints on commercial activities, but certain exceptions were carved out that include opportunities for the City to continue to use its property in a manner that generates revenue, maintains the agronomic discharge and continues to utilize the area for electrical transmission and other facilities. The City is in a position of strength to utilize the property, as well as develop public private partnerships.

Council Member Howard stated that it is the City's property, and whether it is used for commercial or some other use, the City should have ultimate say in how it is used.

Council Member Nakanishi agreed and stated that he supports local control.

MOTION #1:

Council Member Howard made a motion, Nakanishi second, to continue opposition of SB1717.

DISCUSSION:

In reply to Mayor Pro Tempore Hitchcock, Community Development Director Bartlam summarized that SB 1717 as amended essentially prohibits cities from building shopping centers, hotels, and motels on discontinuous annexed property. The League of California Cities took a neutral position because of the issue of local control; however, it also recognizes that there is a planning issue involved. Mr. Bartlam spoke in support of the amended legislation, due to the fact that staff agrees that a shopping center, hotel, or motel would be not be the most appropriate use of such property.

Council Member Land stated that SB 1717 is bad legislation and was targeted at the City of Lodi. He believed it was against the State Constitution, which bans any legislation that goes after a city. It is another attempt of the State trying to take away local control.

City Attorney Hays explained that under current law the City does not have the right to use the land in any way that it wants to. Detached annexations are generally limited to 300 acres and the land is supposed to be used for municipal purposes. An unlimited amount of land, as a detached annexation, is permitted if it is utilized for the purposes of sewage treatment and disposal, which is the situation at White Slough. The proposed ProStyle Sports Complex project provided an opportunity to use reclaimed water on the grass playing fields, much in the same manner that the City currently does with regard to the discharge of treated water. Without this type of nexus the City is limited in how it uses the property. Mr. Hays believed that local control has not really been diminished by SB 1717 because the City never had the ability to build a shopping center, hotel, or motel on the property.

Deputy City Manager Keeter confirmed that the amendments have been incorporated into the bill's language and Assembly Member Pescetti would be presenting the bill on Senator Machado's behalf.

VOTE:

The motion **failed** by the following vote:

Ayes: Council Members – Howard and Nakanishi

Noes: Council Members – Hitchcock, Land, and Mayor Pennino

Absent: Council Members – None

MOTION #2:

Council Member Land made a motion, Hitchcock second, to adopt Resolution No. 2002-180 supporting proposed amendments to Senate Bill 1717 (Machado).

DISCUSSION:

Council Members Howard and Nakanishi indicated that sending one voice to the Assembly on this issue is important and for this reason would vote in favor of the motion.

VOTE:

The above motion carried by a unanimous vote.

RECESS

At 9:00 p.m., Mayor Pennino called for a recess and the City Council meeting reconvened at 9:17 p.m.



I. REGULAR CALENDAR (Continued)

- I-4 "Adopt resolution authorizing the City Manager to execute an agreement with Lodi Gas Storage, LLC that will provide for natural gas storage for the City of Lodi"

Electric Utility Director Vallow introduced Scott Wilson with Lodi Gas Storage.

Scott Wilson reported that Lodi Gas Storage began operation in Lodi early this year and provides natural gas storage services to consumers of gas in the northern region of California.

Mr. Vallow stated that the contract is for nine and a half years in duration and provides 120,000 decatherms of natural gas storage, which represents storage equivalent of approximately 10% of the City's gas consumption for electric generation purposes. He explained that gas storage is used as a physical hedge against rising and falling prices. It is delivered over Pacific Gas and Electric (PG&E) infrastructure. The Utility will integrate this with its existing natural gas procurement program in conjunction with Northern California Power Agency (NCPA).

Mayor Pro Tempore Hitchcock asked what the monetary value for the storage would be on an annual basis.

Mr. Vallow estimated its value at \$2 million over the term of the contract. He added that if it were used as intended, the value would be closer to \$5 to \$8 million.

MOTION / VOTE:

The City Council, on motion of Council Member Land, Nakanishi second, unanimously adopted Resolution No. 2002-181 authorizing the City Manager to execute an agreement with Lodi Gas Storage, LLC that will provide for natural gas storage for the City of Lodi.

- I-5 "Adopt resolution authorizing the City Manager to execute two agreements that will provide for the transition from the expiring Pacific Gas & Electric (PG&E) Interconnection Agreement with the City of Lodi for the provision of transmission and ancillary services to the California Independent System Operator (CAISO) being the new provider with the Northern California Power Agency (NCPA) acting as Lodi's agent: 1) NCPA Schedule Coordination Service Agreement between the City and NCPA; and 2) PG&E Replacement Interconnection Agreement with PG&E and NCPA and other City members"

NOTE: Due to a potential conflict of interest related to his employment with PG&E, Mayor Pennino abstained from discussion and voting on this matter and vacated his seat at the dais.

Boris Prokop, Power Supply and Rates Manager, explained that the two agreements being considered are necessary to replace the PG&E Transmission Interconnection Agreement (IA), which terminates on September 1, 2002. The replacement is an agreement with NCPA as the interface with the CAISO. Mr. Prokop outlined the following options for interconnection services:

- a) CAISO provide to NCPA as agent
- b) CAISO provide to Lodi on own
- c) Self provide
- d) Find others to provide

Mr. Prokop recommended option A, as it is the least cost combination. He explained that the Utility's costs will increase under the CAISO agreement; however, without it, costs would increase even further. He estimated that other options would cost a minimum of \$200,000 more, and substantially more than that for Lodi to provide on its own. Two agreements are necessary to put option A into effect:

- 1. PG&E replacement interconnection agreement with PG&E and NCPA, and other City members, which ends the old agreement and formally allows the City to go forward with CAISO; and
- 2. NCPA scheduling coordination service agreement.

Mr. Prokop noted that under option A the Utility will have sufficient resources to cover its own loads and will have local control and an incentive to put in local generation and/or transmission.

Council Member Land expressed concern regarding CAISO's viability.

Mr. Prokop explained that regardless of the outcome with the Federal Energy Regulatory Commission (FERC) lawsuit, the service will be provided by some entity. He warned that without the agreements, the Utility will have no one to provide services, without a premium. In the long term, the agreements preserve the Utility's option to evolve.

In response to Council Member Land, Dave Dockham, Industry Restructuring and Interconnection Affairs Coordinator with NCPA, reported that Redding will not be participating because its interconnection agreement does not expire. Further, he explained that the existing interconnection agreement is set to expire and if FERC approves PG&E's request to terminate that agreement, NCPA will have a relationship with the CAISO. In reference to the Engineering and Operating Committee, Mr. Dacum stated that any city representative that was interested in participating could serve on the committee.

Council Member Land believed that a commissioner and a staff member should be part of the Engineering and Operating Committee. He pointed out that the action being considered will cost \$800,000 to \$1 million and asked whether it would affect the rates.

Electric Utility Director Vallow replied that it will increase the Utility's costs.

In answer to Council inquiries, Mr. Dockham reported that the length of the agreement is a minimum of two years. The interconnection agreement with PG&E is five years. As background to this matter, Mr. Dockham explained that PG&E is operating under a completely new utility structure. It had incentive to sell off all its generation. It needs that generation in order to fulfill its obligations under the current interconnection agreement, so it has to purchase services from the CAISO in order to fulfill its commitment under the old IA. PG&E wants to get out from underneath that contract, and FERC has indicated a willingness to support its desire to do so.

In reply to Mayor Pro Tempore Hitchcock, Mr. Vallow reported that this will cost \$650,000 to \$800,000 annually, assuming there are no more cost escalators occurring.

**MOTION / VOTE:**

The City Council, on motion of Council Member Land, Howard second, adopted Resolution No. 2002-182 authorizing the City Manager to execute with the City of Lodi the following two agreements: 1) NCPA Schedule Coordination Service Agreement between the City and NCPA; and 2) PG&E Replacement Interconnection Agreement with PG&E and NCPA and other City members. The motion carried by the following vote:

Ayes: Council Members – Hitchcock, Howard, Land, and Nakanishi

Noes: Council Members – None

Absent: Council Members – None

Abstain: Council Members – Mayor Pennino

- I-6 "Adopt resolution awarding contract for the Water/Wastewater Main Replacement Program (Project No. 1) to Crutchfield Construction Company, of Stockton (\$911,530); and appropriate \$1,150,000 for the project"

Public Works Director Prima stated that Project No. 1 will replace two-inch water mains installed in the 1920s and 1930s, with a combination of six- and eight-inch mains.

Wally Sandelin, City Engineer, reported that the boundaries for this project are generally Stockton Street, Cherry Street, Central Avenue, and Mission Street. The project will include reconstructing water mains, moving them from rear yards out to the street, putting in new water services, and relining a large number of sewer mains. There will be public notification, yard restoration, and notification of service interruptions. Project No. 1 will replace 6% of the two-inch water mains.

Mayor Pennino emphasized the importance of communicating and coordinating this project with utilities, such as PG&E, AT&T, etc. to underground the infrastructure. He also recommended that Public Works and the Community Development Department work on conservation education efforts in the area and research whether state funds can be obtained to offer residents low-flow toilets, shower heads, etc.

**MOTION / VOTE:**

The City Council, on motion of Council Member Land, Nakanishi second, unanimously adopted Resolution No. 2002-183 awarding the contract for the Water/Wastewater Main Replacement Program (Project No. 1) to Crutchfield Construction Company, of Stockton, in the amount of \$911,536; and appropriated \$1,150,000 for the project pursuant to staff's recommendation.

- E-3 "Adopt resolution approving plans and specifications and authorize advertisement for bids for installation of streetlights on Phase III of the Streetlight Completion Project (\$875,000); and appropriate funds for the project"

Mayor Pennino asked why steel standards are being used south of Lockeford Street on Crescent Avenue and Carlo Way, instead of concrete standards.

Electric Utility Director Vallow stated that he is recommending the area from School Street to Ham Lane, bounded by Lodi Avenue and Lockeford Street, to have the 1920s style concrete standards. This will include the Crescent Avenue and Carlo Way area.

In reply to Mayor Pro Tempore Hitchcock, Mr. Vallow reported that the original Certificate of Participation included the transmission project, infrastructure improvement, and street lighting.

Council Member Nakanishi stated that the Streetlight Completion Project is one of the City's goals and is estimated to install 1,000 to 1,200 streetlights in unlit areas of the City over a three- to five-year period at an estimated cost of \$3.5 to \$4 million. The project was started in June 2000. Total expenditures through June 30, 2002 total \$942,910. The estimated construction cost of Phase III is \$875,000. City-furnished concrete standards and luminaries, as well as personnel services and contingencies, will bring the estimated cost of Phase III to \$1,235,000. With the completion of Phase IV the project will be halfway completed. Mr. Nakanishi commented that this project is possible due to the City's Electric Utility.

**MOTION / VOTE:**

The City Council, on motion of Mayor Pro Tempore Hitchcock, Nakanishi second, unanimously approved the plans and specifications for installation of streetlights on Phase III of the Streetlight Completion Project (\$875,000), authorized advertisement for bids, and appropriated funds for the project.

Public Works Director Prima noted that in many cases, the areas referred to for placement of concrete standards will require easements from property owners because there is only five feet between the curb and the right of way line.

J. ORDINANCES

- J-1 Ordinance No. 1716 entitled, "An Ordinance Of The Lodi City Council Amending Lodi Municipal Code Chapter 13.20 Electrical Service By Amending Section 13.20.204, Residential All Electric SHARE Program Service" having been introduced at a regular meeting of the Lodi City Council held August 7, 2002 was brought up for passage on motion of Council Member Howard, Land second. Second reading of the ordinance was omitted after reading by title, and the ordinance was then adopted and ordered to print by the following vote:

Ayes: Council Members – Hitchcock, Howard, Land, Nakanishi, and Mayor Pennino  
Noes: Council Members – None  
Absent: Council Members – None  
Abstain: Council Members – None

K. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Howard stated that she attended a conference this morning hosted by the San Joaquin Council of Governments (SJCOG) on the topic of air quality. A Federal representative from the Environmental Protection Agency and State representative from the California Air Resource Board were present. All cities and the SJCOG will continue to gather information and statistics to determine how to meet mandates by 2005.
- Council Member Land announced that today the San Joaquin Housing Authority launched its Section 8 voucher home ownership program. Individuals who are receiving Section 8 vouchers can use them toward buying a home. The Housing Authority has 400 vouchers to use for San Joaquin County. He expressed hope that the Community Development Department could work with the Housing Authority and use HOME funds.
- Mayor Pro Tempore Hitchcock reported that last week she attended the League of California Cities Environmental Quality Committee meeting. A resolution will be coming forward regarding nuisance lawsuits. As the incoming President for the League of California Cities Central Valley Division, she encouraged Council Members interested in serving on any of the League's policy committees to contact her for appointment.

L. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager Flynn announced the birthdays of Roger Baltz, August 30; and Kirk Evans, September 2. He noted that the League of California Cities conference in Long Beach will be held on October 2, a regularly scheduled City Council meeting date. Consequently, consideration should be made to reschedule or cancel the meeting. He stated that a ribbon cutting event for the Lodi Station parking structure will be held on August 28. An article about the Lodi's greenbelt issues was published in the Los Angeles Times newspaper.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 10:24 p.m.

ATTEST:

Susan J. Blackston  
City Clerk